

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

San Diego Gas & Electric Company	Docket No. EL00-95-012
Investigation of Practices of the California Independent System Operator and the California Power Exchange	Docket No. EL00-98-000
California Independent System Operator Corporation	Docket No. RT01-85-000
Investigation of Wholesale Rates	Docket No. EL01-68-000

**COMMENTS OF THE
CALIFORNIA ELECTRICITY OVERSIGHT BOARD
IN RESPONSE TO THE CAISO's MAY 11, 2001 FILING
PROPOSING TARRIF LANGUAGE IN COMPLIANCE WITH THE
COMMISSION'S APRIL 26, ORDER**

On May, 11, 2001, the California Independent System Operator (CAISO) filed proposed tariff language in compliance with the Commission's April 26, 2001 Order Establishing Prospective Mitigation and Monitoring Plan for the California Wholesale Electric Markets and Establishing an Investigation of Pubic Utility Rates in Wholesale Western Energy Markets, 95 FERC ¶ 61,115 (April 26 Order). The April 26 Order allows parties five days to file comments. The California Electricity Oversight Board (CEOB) offers the following comments concerning the three areas of tariff changes discussed in the CAISO's filing: outage coordination, selling obligations and real-time price mitigation.

I. OUTAGE COORDINATION

The State of California recognizes the need to coordinate the planning of scheduled outages. On January 17, 2001, Governor Davis issued Executive Order D-23-01 on this very subject, which requires the CAISO and the CEGB to develop, implement and oversee outage protocols. Specifically, D-23-01 provides that the CAISO shall, among other things:

1. Require generators to submit planned outage schedules to the CAISO;
2. Prepare a coordinated outage plan which shall be updated quarterly;
3. Identify generation facility maintenance criteria to be met by generation facilities;
4. Maintain records of any unplanned generation facility outages and to provide those records to the CEGB; and
5. Consider seeking the authority under state law or federal regulation to impose fines on the facility owners whose generation facilities have fallen below performance benchmarks established by the CAISO.

The CAISO has begun the process of implementing D-23-01 and the CEGB believes that the CAISO's proposed tariff language is consistent with Governor's mandate and the April 26 Order. Accordingly, the CEGB finds the proposed language to be acceptable. However, as the CAISO noted, California may enact legislation in the area of outage coordination that may require the CAISO to revise its tariff in the future.

II. SELLING OBLIGATION

The CAISO also proposes tariff language to implement the Commission's generator availability requirement, which requires that all non-hydro generation facilities

in California offer their unused capacity in real-time during all hours. The tariff language would be revised to reflect this requirement by defining the terms “Must-Offer Generator” and “Available Generation.” The CAISO also proposes to calculate a Proxy Price (as defined by the April 26 Order) for each Must-Offer Generator to be used as a “bid” in the event the generator has available capacity, is called upon to generate electricity, but has not submitted a bid into the CAISO’s real-time market. In order to calculate a Proxy Price for each Must-Offer Generator, the CAISO must have the same information from generators that have not entered into a Participating Generator Agreement (PGA) that it has from generators that have entered PGAs. The Board believes that the proposed tariff language is consistent with the April 26 Order.

III. REAL-TIME PRICE MITIGATION

The CAISO also offers tariff revisions to implement the Proxy Price mitigation plan. The CEOB has no issue with respect to whether the CAISO’s proposed language is consistent with the April 26 Order. The CEOB does take issue with the over all mitigation plan as well as the Proxy Price methodology. The CEOB will seek rehearing on these matters in a later filing.

Dated: May 16, 2001

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have caused the foregoing document to be served upon each person designated on the official service lists compiled by the Secretary for these proceeding on May 16, 2001, pursuant to Rule 2010(a) of the Commission's Rules of Practice and Procedure.

Dated at Sacramento, California, this 16th day of May, 2001.

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